



What You Need to Know About Fiscal Law

Presented by:
Thomas Dougherty &
Frederick Quattrone, DSCP-
G

Overview of Course

- What are the basics of fiscal law?
- How does fiscal law impact your job?
- Why do you need to know fiscal law?
- What could happen to you if a fiscal law violation occurs?

What Will Not Be Covered

- No constitutional theories
- No discussions about the budget process
- No citations to statutes or regulations
- No legalese

The Nuts and Bolts

- Congress annually authorizes and appropriates different pots of money for agencies to use
- These pots of money often have “strings” attached to them
- The strings may be time-limitations or use limitations or limits on amount of funding

What Pots of Money?

- Operations and Maintenance (O&M)
- Procurement funds
- Working Capital (revolving stock funds)
- Warstopper funds
- Military construction
- Research and Development

Why are Strings Attached?

- Congress maintains control over budget process and the spending of federal funds
- Congress appropriates certain types of funds and certain amounts of funds for particular projects in a set time period (fiscal year)
- Congress holds agencies accountable for their spending

What Strings?

- Purpose / Time / Amount
- Examples:
- Purpose Statute
- Bona Fide Needs Statute
- Antideficiency Act
- Miscellaneous Receipts Statute
- Working Capital Funds Statute

Purpose Statute

- Limits what the money can be spent on
- Federal funds may only be spent for a proper (authorized) purpose
- The purpose may be specific, or necessary and incident to a general purpose
- Example: appropriated funds may not be spent for an employee's personal items, such as gifts or entertainment

Bona Fide Needs

- Limits when money may be spent
- Agencies must only obligate funds for genuine needs during the time period that those funds are available to spend
- Does not apply to Working Capital Funds
- Example: one-year O&M funds are only available for obligation for the legitimate needs of that fiscal year

Antideficiency Act

- Limits overspending of funds and spending in advance of proper authority
- Restricts “open-ended” commitments
- Prohibits spending that violates statutory restrictions on contracting
- Example: Spending procurement funds in violation of the Berry Amendment would violate the Antideficiency Act

Penalties for Violating Antideficiency Act

- Suspected violations must be reported and investigated
- Criminal penalties for knowing & willful violations
- Adverse personnel actions against employees who authorize or make prohibited obligations or expenditures

Miscellaneous Receipts

- Limits the funds agencies may retain
- Directs what funds must be returned to the General Treasury
- Exceptions apply
- Example: DSCP may retain and reuse refunds / credits from contractors, and excess reprocurement costs

Working Capital Funds

- No year money (bona fide needs rule not applicable)
- Purpose statute applies (must only be used for authorized purposes)
- WCF charter limits use of fund
- Example: Military customers may not use WCF to avoid fiscal restraints on their funds

Red Flags

- Unauthorized / Questionable use of funds
- Wrong type of funds used
- Year-end spending (may be a problem)
- Stockpiling of items at end of fiscal year
- Purchasing in advance of budget authority

Where to Go for Answers

- Seek advice before spending funds
- Call Comptroller & Counsel for advice
- Web sites: www.dscp.15.mil/counsel/frames.htm
- <http://www.saffm.hq.af.mil/fiscallaw/>
- <http://arc.publicdebt.treas.gov/fs/fsdon'tbuy.htm>